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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF THAILAND

IPF:(1992-96) $ 27 118 000

(THA/93/002) - Rural Income Opportunities

Date of approval by the AC:[1]	22 September 1993
Expected duration:	Four years
Proposed executing agency:	Government
Government implementing agency:	Various Departments of the Ministries of Agriculture and Cooperatives and Industry, NGOs, Educational Institutions and the Private Sector
Proposed UNDP contribution:	$ 4 000 000 Source of funds: IPF
Total UNDP budget:	$ 4 000 000

Project background

Although the national wealth of the country as a whole has expanded rapidly as shown by an average annual economic growth rate of 10 percent during the past several years (since 1985), only a small portion of the benefits of this development has accrued to lower income groups, particularly those in the villages and small towns of the provinces outside the Bangkok Metropolitan Area. With respect to rural-urban income inequalities, in 1988 income of the urban population was three times the income of those living in rural areas, a gap which has only widened since. This was due largely to the Government's "top-down" approach policy which tended to put national production interests ahead of local production conditions, resulting in a situation where the areas of production encouraged have not always been those best suited for a given locality.

To rectify the situation, the Government has decided to pursue a "bottom-up" approach towards rural development, during the Seventh National Economic and Social Development Plan (1992-1996), through greater decentralization of planning to regions and local areas to allow local communities to participate more fully in diversified agricultural production, agro-processing and non-agro activities, and thereby achieve more viable and sustainable income earning opportunities. A wide range of fiscal and monetary measures such as subsidization, transfer payments, and tax incentives for rural industries will also be used. Through these policies, the Government expects to reduce the number of people under poverty line from about 24 percent in 1988 to less than 20 percent by 1996, and reduce the income gap between rural and urban populations.

[1] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

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Description of project

The long-term objective of the project is to develop new and innovative approaches (in particular bottom-up approaches) and channels of reaching low income-producers and workers in agriculture, and non-farm people working in small and medium-scale agricultural and processing industries.

Project activities will include: (i) expansion of the range and quality of Government services required by farmers to maximize the efficiency of their operations; (ii) introduction of home processing of agricultural products and new cottage-industry income generating activities, particularly in low agricultural potential areas; and (iii) promotion of small and medium-scale enterprises, mainly agro-based.

The expected results will reflect increased farm income in areas showing good agricultural potential, and off-farm income in areas showing limited agricultural potential, leading to a reduction of income gaps between urban and rural areas.

Inputs

UNDP will provide funding for technical assistance in the form of consulting services in such fields as information management, farming, cooperative management, food processing, product design and marketing, training; a subcontract to prepare a feasibility study to explore the establishment of a Pilot Small and Medium-Scale Enterprises Support Centre; equipment to improve information management technology and laboratory facilities; and miscellaneous costs.

Financial data

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Personnel	2 400 000
Subcontract	120 000
Training	800 000
Equipment	280 000
Miscellaneous	400 000
Total	4 000 000

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